

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re

FIELDWOOD ENERGY LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 20-33948 (MI)

(Jointly Administered)

LIMITED OBJECTION AND RESERVATION OF RIGHTS OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO THE DEBTORS' EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO (A) CONTINUE THEIR EXISTING CASH MANAGEMENT SYSTEM, (B) MAINTAIN EXISTING BUSINESS FORMS, (C) CONTINUE INTERCOMPANY ARRANGEMENTS, AND (D) CONTINUE UTILIZING CORPORATE CREDIT CARDS; AND (II) GRANTING RELATED RELIEF

The Official Committee of Unsecured Creditors (the “Committee”) appointed in the chapter 11 cases (the “Chapter 11 Cases”) of the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), by and through its undersigned proposed counsel, hereby submits this limited objection (the “Limited Objection”) with respect to the *Emergency Motion of Debtors for Interim and Final Orders (I) Authorizing Debtors to (A) Continue Their Existing Cash Management System, (B) Maintain Existing Business Forms, (C) Continue Intercompany Arrangements, and (D) Continue Utilizing Corporate Credit Cards; and (II) Granting Related Relief* [Docket No. 6] (the “Motion”) and, in support hereof, respectfully states as follows:²

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Dynamic Offshore Resources NS, LLC (0158); Fieldwood Energy LLC (6778); Fieldwood Energy Inc. (4991); Fieldwood Energy Offshore LLC (4494); Fieldwood Onshore LLC (3489); Fieldwood SD Offshore LLC (8786); Fieldwood Offshore LLC (2930); FW GOM Pipeline, Inc. (8440); GOM Shelf LLC (8107); Bandon Oil and Gas GP, LLC (9172); Bandon Oil and Gas, LP (9266); Fieldwood Energy SP LLC (1971); Galveston Bay Pipeline LLC (5703); and Galveston Bay Processing LLC (0422). The Debtors’ primary mailing address is 2000 W. Sam Houston Parkway S., Suite 1200, Houston, TX 77042.

² Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

LIMITED OBJECTION

1. By their Motion, the Debtors seek, among other things, the authority to “continue certain intercompany arrangements, including transferring funds among the Debtors and certain non-Debtor affiliates and managed entities” (the “Intercompany Transactions”). As a general matter, apart from the Intercompany Transactions, the Committee has no objection to the other relief sought in the Motion.

2. The Committee’s professionals are conducting diligence on the Intercompany Transactions but have not yet been provided with the information necessary to complete such diligence. Among the Intercompany Transactions that the Committee specifically seeks to diligence are the funding of the capital calls by the Debtors’ Dutch affiliate to Fieldwood Mexico, in which the Debtors hold a minority (approximately 10%) interest. The Committee’s goal is not to hinder the Debtors’ ability to effectuate these or other intercompany transfers, but the Committee needs to ensure that such transfers are actually beneficial to the Debtors’ estates. Accordingly, it is necessary for the Committee to conduct a full review of the Intercompany Transactions to ensure that they continue to fund interests that are worth more than the transfers themselves and are thus value-accretive to the Debtors’ estates. Additionally, the Committee should be provided with a minimum of five (5) days’ advance notice and consultation rights prior to (i) any transfers to fund the capital calls to Fieldwood Mexico and (ii) any other Intercompany Transactions in excess of \$5 million involving non-Debtor Affiliates, so that the Committee can have time to evaluate the proposed transfers and seek appropriate relief should it not approve or be able to reach an agreement with the Debtors regarding the transfers at issue.

RESERVATION OF RIGHTS

3. The Committee reserves all rights to further supplement and amend this Limited Objection and to seek such additional information as may be necessary for the Committee to properly exercise its duties. The Committee further reserves the right to request this Court to limit or terminate, as appropriate, any Intercompany Transactions that do not result in value to the Debtors' estates and their creditors.

CONCLUSION

4. As set forth above, the Committee objects to the relief sought in the Motion regarding the Intercompany Transactions and requests that the Court provide the Committee with the ability to conduct adequate due diligence with respect to the Intercompany Transactions, and to receive advance notice of and consultation rights with respect to any transfers to fund the capital calls to Fieldwood Mexico and any other Intercompany Transactions in excess of \$5 million while it conducts such diligence. Further, the Committee reserves the right to challenge any Intercompany Transactions to the extent it determines that any such transactions do not provide value to the Debtors' estates.

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WHEREFORE, the Committee respectfully requests that the Court grant the Committee relief consistent with the foregoing and grant the Committee such other relief as the Court may deem just and proper.

Dated: September 9, 2020

Respectfully submitted,

/s/ Michael D. Warner

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*Proposed Counsel for the Official Committee of
Unsecured Creditors*

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of September, 2020, a true and correct copy of the above and foregoing has been served by electronic transmission to all registered CM/ECF users appearing in these cases.

/s/ Michael D. Warner
Michael D. Warner